



WINGS

**WORLDWIDE
INITIATIVES
FOR
GRANTMAKER
SUPPORT**

2003 Community Foundation Global Status Report

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Worldwide Initiatives for Grantmaker Support -
Community Foundations (WINGS-CF)*

Researched and written by Eleanor W. Sacks

Background

In 1999 the International Programs department of the Council on Foundations and the newly-formed Worldwide INitiatives for Grantmaker Support-Community Foundations (WINGS-CF) sponsored a project to track for the first time the development of community foundations around the world. This resulted in the publication of *The Growth of Community Foundations Around the World* in 2000.

The *2003 Community Foundation Global Status Report*^{*}, whose development was funded by WINGS-CF and the Council on Foundations, provides an update on international community foundation trends and developments since the last report and is planned to be the first in a series of annual reports on the community foundation field.

This present document is an abridged and slightly edited version of the full report, which contains detailed country reports and is available online at <http://www.wings-cf.org/>. The online version is also available in Spanish. For more information about the report, how it will be updated in future, or for assistance in providing a profile on your country or region using the survey instrument, contact:

Michael Strübin
Outreach and Communications Manager
WINGS
E-mail: michael@efc.be
Telephone: +32.2.512.8938
Fax: +32.2.512.3265

About the author

Eleanor W. Sacks is a researcher and consultant on community foundation issues. She specializes in community foundation program, management and governance issues, as well as the international development of community foundations. Active in the field since 1991, she served on the staff of the Community Foundation Services group of the Council on Foundations as the Program Coordinator for the Organizational Development Assistance (ODA) Program. She is the author of numerous reports and articles on the international involvement and interests of U.S. community foundations and the growth of community foundations around the world, prepared for the Council on Foundations and WINGS-CF. Several of her reports and articles have been translated into Spanish and German. Her e-mail address is: ewsacks@earthlink.net

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Introduction

In 1999 the International Programs department of the Council on Foundations and the newly-formed Worldwide INitiatives for Grantmaker Support-Community Foundations (WINGS-CF) sponsored a project to track for the first time the development of community foundations around the world. The project recognized that the community foundation concept was spreading quickly beyond its traditional base in North America and the United Kingdom and was beginning to have worldwide impact. The report on that project showed that interest in the community foundation model was widespread and growing, and the numbers of new community foundations were beginning to take off, especially in areas where private foundations and member-based organizations were supporting their development.¹

The 2003 Community Foundation Global Status Report provides an update on international community foundation trends and developments since the last report and is planned to be the first in a series of annual reports on the community foundation field. It shows that in just three years time:

- The numbers of and places where community foundations and community foundation-like organizations have been created and/or are under development have increased dramatically.
- Community foundation models are being successfully adapted in countries with vastly different traditions of philanthropy and in regions where resources are scarce.
- The numbers and types of organizations that support the development of community foundations are growing in tandem with the community foundations themselves.
- New opportunities for international networking and peer-to-peer learning are speeding the development of community foundations.
- The continued focus on harnessing the power of communities to change and improve conditions at the local level is making community foundations one of the fastest growing forms of philanthropy worldwide.

The 2003 Community Foundations Global Status Report is composed of two sections. The first is a general overview of what community foundations are; the trends in their development as viewed from a global perspective; and highlights of community foundation developments by region. The second part consists of country reports. The main difference between this report and the 2000 report is that, in areas where there are support organizations for community foundations, the country reports on community foundations, for the most part, come from the support organizations themselves - from the people closest to community foundation activities in those countries and regions.

The country reports are based on a survey questionnaire. The intent is for the information to be collected and presented on-line and updated annually. The report will be available only in a new web-based format, in order to keep up with the fast pace of community foundation developments. The fact that an annual update is now necessary and that the report can be constructed in this way is a real mark of how far and how fast the international community foundation field has come in three short years.

¹ Sacks, Eleanor W. "The Growth of Community Foundations around the World," May 2000. Available in English and Spanish on: www.wings-cf.org under the Other Resources section.

Overview

Throughout recorded time human beings have demonstrated their willingness to promote the well-being of others and the betterment of their communities. Most acts of generosity or charity are done informally, neighbor to neighbor, in times of crises, or out of a sense of religious duty. The act of giving back to one's community - by volunteering time and talents or by giving goods or money - is called community philanthropy.

Community philanthropy can be informal and immediate in nature, or it can be more structured. Community philanthropy organizations are formed to collect, manage and distribute charitable resources; they provide sustainable longer-term approaches to meeting community needs. One of the fastest growing forms of organized community philanthropy today is the community foundation.

Community foundations are not a new phenomenon. As the modern concept has become better known and more widespread, researchers have found examples of community foundation-like organizations going back to at least the twelfth century. For the most part these early examples were based around communities defined by a common religion.

The modern community foundation movement began in the first part of the twentieth century with the founding of The Cleveland Foundation in the United States in 1914. The main feature of our current conception of a community foundation is that community is defined by the geographic area served - whether it is a city, a county, a region, or even a country - and seeks to better the lives of all peoples living in that area.

The first report on international community foundation developments demonstrated that, at the millennium:

- community foundations and community foundation-like organizations had spread worldwide;
- support for the community foundation concept was strong at the local level, in places where it was known, even though the need to find ways to adapt the model to local traditions and circumstances was evident;
- international funders and government agencies, especially those involved in international development, strongly supported the concept as a way to provide sustainable resources for community needs over the long-term;
- organizations that support the development of community foundations were growing along with the numbers of community foundations and helped to speed up community foundation formation through the services they provided, including promotion of the concept, technical assistance and opportunities for community foundations to learn from one another;
- international funders and government agencies found that investing in support organizations was a highly effective way to increase the rate of formation of new community foundations and strengthen existing community foundations;
- development of community foundations internationally was just beginning to take off - outside the U.S. there were about 230 community foundations or community foundation-like organizations, and two-thirds of that number were in the U.K. and Canada.

In the past three years the international community foundation field has continued its rapid rate of growth. Perhaps the most dramatic example is that of Germany. Three years ago Germany reported 10 community foundations in operation and seven more cities where commu-

nity foundations were either in formation or at the exploratory stage. This was considered remarkable, because the first community foundation was established there only in 1996. At the beginning of 2003, there are now at least 50 established community foundations, with approximately 80 more in formation. Germany has been blessed with having a national foundation, the Bertelsmann Foundation, take the lead in promoting the concept and supporting its development, along with a number of other national foundations and member-based associations of grantmakers.

Perhaps just as remarkable has been the formation of 15 community foundations in Russia, where local traditions of philanthropy had been actively opposed during the 70 years of the Soviet regime. Five years ago the head of the Charities Aid Foundation-Russia, which has been the leader in developing community foundations in Russia, was talking about the difficulties in building community foundations in a land without a sense of community. Now the community foundations in Russia have grown to the point where they have formed their own network to share information electronically and meet nationally to discuss their mutual concerns, and CAF-Russia has hired a program manager for community foundations.

The latest count of community foundations worldwide is approaching 1,100. At least 365 have been formed outside the U.S., which is nearly a 60 per cent increase in just three years. Even though community foundation formation in the U.K. and Canada remains strong, their community foundations now account for only 52 per cent of the community foundations outside the U.S. Thirty countries were identified in 2000 as having existing community foundations or community foundations actively in development. In 2003, this report identifies 37 countries, more than a 20 per cent increase. These facts attest to the tremendous growth of community foundations worldwide. In all cases these numbers are probably underestimated. Interest in community foundations is being explored in many countries not currently on the list of countries profiled in this report. Reports of new community foundations being formed in other parts of the world are coming in almost daily.

The Community Foundation Concept

Community foundations, formed along the lines of the traditional model, have a number of characteristics in common.

They:

- seek to improve the quality of life in a geographic area;
- are independent from control or influence by other organizations, governments or donors;
- are governed by a board of citizens broadly reflective of the communities they serve;
- make grants to other nonprofit groups to address a wide variety of emerging and changing needs in the community;
- seek to build, for the long-term, a permanent resource for the community through the creation of endowed funds from a wide range of donors, including local citizens, other nonprofits and businesses;
- provide services tailored to the interests and giving capacity of donors;
- help donors achieve their philanthropic and charitable goals;
- engage in a range of community leadership and partnership activities, serving as catalysts, convenors, collaborators and facilitators to solve problems and develop solutions to important community issues;
- have open and transparent policies and practices concerning all aspects of their operations; and
- are accountable to the community by informing the general public about their purposes, activities, and financial status on a regular basis.

No two community foundations are exactly alike. They are shaped by local traditions, history and culture to meet the needs of their local areas. Even in regions where they have been established for the longest period of time, variations in structure and emphasis have developed. Community foundations may display most but not all of the attributes listed above. They may emphasize one characteristic over another. The adaptability of the concept makes it possible for each country and local area to mold its community foundation to fit its unique circumstances.

The differences can be illustrated by who donates to community foundations in different parts of the world. In the U.S., for example, where government is decentralized and traditions of individual rights and self-reliance are strong, community foundations have been built on the generosity of individuals who want to give back to their communities.

In Russia, where under the communist regime the old traditions of philanthropy were seen as elitist and were brutally crushed, trust in philanthropic institutions has been more difficult to achieve, and until recently there was not much individual wealth. This has led to local businesses, such as banks and large companies involved in the production of minerals and oil, taking a significant role in funding community foundations. They recognize that community foundations can provide the resources necessary for responding to social needs, and, in so doing, they help to provide for a stable society and economy.

In Western Zimbabwe the endowment for the community foundation was started with Qogelela funds, small contributions from over 50,000 people. There they are building on a local collective savings tradition, which is characterized by a large number of small contributions being pooled to meet the needs of the community. In Anguilla, B.W.I., "jollification," the local term for neighbors helping neighbors, is forming the basis of their community foundation's fundraising strategy.

In the U.K. grants from the national government, local authorities, and charitable trusts have provided community foundations with the majority of funds for operating costs and pass through² grantmaking, while companies and individuals have made significant contributions to community foundation endowments.

Variation in the ways community foundations attract funds is only one example of how community foundations can be successful by adapting the community foundation model to meet their local needs and circumstances. Examples just as easily could be drawn from the differences in governance structures and board composition or any of the other functional areas of community foundation operations. As long as community foundations remain true to the basic concept, there can be a great deal of flexibility in how community foundations are constructed and carry out their mission.

The creativity and ingenuity communities have displayed in developing the community foundation concept is a testimony to the power of the idea and its effectiveness. As more and more community foundations are developed around the world, every country, region and community will find a way to take the concept and make it truly their own.

² Pass through funds are provided by an individual donor or funder, such as a foundation or government agency, for a specific grantmaking purpose. Community foundations then regrant these funds to local organizations for projects in their communities. These types of funds "pass through" or "flow through" community foundations and are not part of their permanent assets, although community foundations may take a fee for administering these funds. An example of "pass through" funding is the Local Network Fund for Children and Young People, supported by the U.K. government's Children and Young People's Unit and managed by the Community Foundation Network, which provides funds to community foundations in the U.K. to tackle "poverty and disadvantage affecting children and young people from 0 - 19 years of age."

Factors Influencing the Dynamic Growth of Community Foundations

The decade from the early 1990s through today has seen tremendous activity in all parts of the world in support of community foundations and community philanthropy. A number of factors combined to make this the decade of the community foundation.

The countries in the West enjoyed a prolonged economic expansion and an enormous increase in individual wealth. The beginnings of the intergenerational transfer of wealth from the World War II generation, when combined with this new wealth, meant that individuals had large amounts of disposable income with which to build up philanthropic institutions.

At the same time it became evident that not all members of the community in the West were participating equally in the benefits of a strong economy. The gap between rich and poor was widening, just as governments were retreating from providing social services and a safety net for the poor and needy. Responsibility for social programs was being devolved to local governments and social services were being privatized, without providing the resources necessary to do so. The growing needs of local communities meant, paradoxically, that in an era of affluence, the need for community philanthropy organizations, such as community foundations, increased.

Many western democracies, which had built social welfare systems to meet the social needs of their citizens, came to believe that the centralized provision of services was too expensive and inefficient. They felt that the best solutions to local concerns would be developed by those closest to the issues, and they looked to local authorities to find solutions to their problems.

The problems of integrating immigrant populations and other minority groups also weighed heavily on local areas. Many of these immigrant workers had come to fill the essential, but low-paying, jobs that local citizens would not take. The needs of these groups put additional strain on local social services and created tensions between local citizens and members of immigrant and minority groups, who often did not share the same cultural and religious traditions.

The fall of communism in Central and Eastern Europe focused funders' efforts on supporting the creation of new political, economic, and social structures. This happened at the same time that large international funders, foundations and development agencies, also came to understand that huge development programs, run centrally by the funders, were expensive and were not creating effective long-term solutions to local problems. They decided it would be better to build up the capacity of local citizens and nonprofit organizations to find the best solutions for their local areas.

Securing the sustainability of the local nonprofit sector became the key concept for funders, so that, when they eventually departed, local communities would be in a position to carry on with their own resources - both human and financial.

In this era of globalization, the community foundation concept has proven to be especially powerful, because it works at the local level to address community needs at first hand. As national boundaries become more porous and central governments retreat from taking responsibility for the welfare of their citizens, the community foundation model has emerged as a highly effective way to invigorate and support the nonprofit sector. By promoting philanthropy and building up assets for the long-term, it ensures that local communities can take charge of improving the quality of life for all their citizens. Community foundations do more

than just build assets. They also serve to build communities and strengthen community leadership as local citizens come together to create a common vision for the future.

Trends in the Growth of Community Foundations

The growth in the numbers of community foundations around the globe began to take off in the mid-1990s. The first community foundation in Central and Eastern Europe, the Healthy City Community Foundation of Banska Bystrica, was formed in 1994 in the Slovak Republic. Community foundation development in Mexico began in earnest in 1995, although a number of community foundation-like organizations existed before that time. The first community foundation in Germany was established in 1996; the first in Russia - 1998; the first in Italy - 1999; the first in South Africa - 1999. In 1989 only a handful of community foundations existed outside of Canada, the U.K. and the U.S.; by 2000 the number had grown to about 80, and in 2003 the number is now around 180, representing an increase of 125 per cent in just three years' time.

The 1990s also saw remarkable growth in areas where community foundations had a longer history. Community foundations in Canada increased their numbers in the 1990s by more than 150 per cent. Following the creation in 1921 of the first community foundation in Canada, The Winnipeg Foundation, another 35 community foundations were formed by the 1980s. More than 55 were formed in the 1990s, and today there are over 125 community foundations in Canada. They continue to be formed at a rate of about five per year. The number of U.K. community foundations grew at a similarly fast pace.

In the 1990s community foundations in the U.S. were called the fastest growing form of philanthropy. Their rate of growth, especially in terms of asset size and donations, has slowed somewhat recently due to the downturn in the economy. The most recent Columbus Foundation survey of U.S. community foundations reports that, in 2001, 658 community foundations had total combined assets of \$31.2 billion dollars. The Council on Foundation's latest count of community foundations in the U.S. is nearly 700, with more in development.

Mexico is a hub of activity. There are approximately 20 community foundations or community foundation-like organizations in Mexico. Community foundations in Mexico were invited to participate in the Transatlantic Community Foundation Network (TCFN),³ during its second three-year period. The current President of Mexico was active in initiating community foundations while he was Governor of the State of Guanajuato, and continues to be an advocate for community foundations throughout the country. A new cross border initiative, the U.S.-Mexico Border Philanthropy Partnership, was begun in 2002.

Community foundations are firmly established and spreading in Western Europe, even if most are still in the start-up stage of their development. They have attracted significant support from individuals, businesses, local funders and governments, who are receptive to the concept.

The picture is somewhat more complex for Central and Eastern Europe. After the Soviet era came to an end in 1989, the countries that were part of the Soviet sphere of influence, but had remained independent states, received a lot of support from international funders, such as the Charles Stewart Mott Foundation, the Soros foundations, and governmental development agencies such as the United States Agency for International Development (USAID).

³ For more information on TCFN, see the "Trends in the Growth of Peer-to-Peer Networking and Learning Opportunities" section below.

Because they were not as tightly bound to the Soviet regime, and still had a collective memory of life before communism, these countries were able to make the transition to a market economy and democratic political institutions fairly quickly, if not without pain. A number of these countries, including Poland, the Czech Republic and the Baltic states, have now "graduated" from the foreign-funded programs that helped them build new democratic and free market institutions and a third sector in their countries. However, community philanthropy organizations in some of these newly-fledged countries in Central and Eastern Europe may experience some rough patches as they begin to stand on their own.

As the large international funders transition out of these countries, they are taking the lessons learned from their efforts in Central Europe and carrying them into other areas where the need is greater. Funders are now focusing their efforts on areas that were more closely tied to the Soviet regime, that is, the former Soviet republics, the 12 so-called newly-independent states (NIS), and areas which are having a harder time making the transition, such as the Balkans. There is a lot of activity in the NIS now, and efforts are beginning to bear fruit. A report was received recently of a community foundation being formed in Belarus at the end of 2002.

The first community foundation in the Middle East was formed in 2000 in the rural Beit Shean region of Israel, with consultation and advice from The Cleveland Foundation in the U.S. It was created with the support of the Jewish Community Federation of Cleveland, Ohio and an Israeli nonprofit organization devoted to social change.

Community foundation developments are proceeding more slowly in South America. The interest in community foundations is growing, but the numbers of foundations of all kinds is not large, and the concept is being carefully introduced and adapted.

Community foundation developments in Africa are continuing. The four community foundations in Kenya, Zimbabwe, West Africa and Mozambique were all started with significant financial and technical support from international funders. All now are developing strategies that focus on building assets from local sources. Interest in the community foundation concept is high and continues to grow as more and more people learn how effective the community foundation concept can be in increasing community development.

The five-year community foundations initiative in South Africa, sponsored by the Southern African Grantmakers' Association, is drawing to a close in 2003. Its purpose was to test the concept in 10 selected communities, spanning urban, suburban and rural environments. At the end of the program as many as five or six community foundations will have been formed. Establishing community foundations in the four poor and relatively rural areas has proved difficult to achieve, due to the lack of local resources. A number of communities not in the original program have expressed an interest in forming community foundations in their areas. The results of the initiative will be evaluated and a strategy devised for continuing to promote and develop community foundations in South Africa.

Asia is another area where the interest in community foundations is high and growing, thanks in part to efforts by international funders and intermediary organizations to promote the concept, and to the example of the positive role community foundations have played in other parts of the world. India has two community foundations and two support organizations that are promoting the development of community foundations. It also has the potential to create more due to the large numbers of middle class Indians involved in high technology, engineering and science careers both in India and abroad. A foundation with community foundation characteristics was formed in Bangladesh in 1999 with the support of The Ford Foundation. A meeting to introduce participants from Thailand and Indonesia to the community foundation concept was recently held in Thailand. A survey of nonprofits and foundations in the Philippines is currently underway to find ones with community foundation-like characteristics. At

least one foundation in the Philippines has already announced its intention to restructure itself along the lines of a community foundation.

Community foundation development in Japan has taken its own path. Japan has two community foundations, one dating back to 1991, formed by a local chamber of commerce. National funders, such as the Sasakawa Peace Foundation, are more likely to fund philanthropy initiatives outside of Japan than they are in their own country. However, the voluntary sector is gaining in importance in Japan and researchers there are actively exploring the community foundation concept in order to find ways to adapt it and make it more easily transferable to the Japanese context.

Australia has been actively developing community foundations, especially in rural areas, thanks to the support of a local private foundation and the national government. Interest in community foundations is growing in New Zealand, which is also actively exploring the concept. It has several community foundations and a large number of community trusts that do not raise funds, some of which may transform themselves into more community foundation-like structures.

As the numbers of community foundations multiply outside their traditional base, the adaptability of the concept is being proven over and over again. The more examples there are of successful community foundation models in different parts of the world, the more the interest in community foundations grows.

Trends in the Growth of Grantmaker Associations and Other Support Organizations

One sign of the growing maturity of the international community foundation movement is the continued growth of support organizations. Support organizations provide their members or constituents with current information on issues of importance; promote the interests of community foundations before governments bodies; create opportunities for networking and peer-to-peer learning through conferences and other meetings; offer technical assistance programs to increase the effectiveness of organizations; and help promote the community foundation concept through publications and presentations.

The U.S. has many different types of organizations that support community foundation development. The first member-based support organization for community foundations was an association formed in 1949 in the U.S. This association later evolved into the Council on Foundations. The Council's first annual conference solely for community foundations was held in 1985. Other support organizations for grantmakers have been formed on a regional basis in the U.S. The largest of the Regional Associations of Grantmakers (RAGs) have programs focused on the needs of their community foundation members.⁴ In some states community foundations have come together to form their own state-wide associations to address the legal, political and grantmaking concerns of their members. A new research and development organization, Community Foundations of America, was formed in 1999 by a group of community foundations to deliver high end products and services, such as marketing tools and technology platforms.

The pace of support organization creation began to pick up in the late 1980s with the formation of the European Foundation Centre (EFC) in 1989. The EFC established its Community

⁴ Several of the RAGs are active in WINGS-CF and were invited to provide information for this report. A profile was received from the Indiana Grantmakers Association, which provides insight into the types of activities they and other RAGs in the U.S. undertake.

Philanthropy Initiative (CPI) in 1997 in order to strengthen and increase community philanthropy at the local level by building the capacity of community philanthropy organizations such as community foundations.

The formation in the U.K. of Community Foundation Network (CFN), formerly the Association of Community Trusts and Foundations (ACTAF), followed in 1991. Community Foundations of Canada was created in 1992. These are the only national member-based support organizations, formed by and for community foundations, and devoted entirely to community foundation issues.

Efforts to support the development of community foundations soon followed in: Russia (1994), South Africa (1997); Mexico (1998); Poland (1998); Australia (1998), and Brazil (1999), among others.

In 2001, due to the enormous increase in the numbers of German community foundations, the Bertelsmann Foundation and other national funders helped to set up the Community Foundations Initiative in Berlin, to promote the establishment of new community foundations, professionalize the work of existing ones and publicize the community foundation concept.

A watershed moment for the development of the international community foundation field came in October 1998 when a group of organizations that support the development of community foundations came together to discuss issues of mutual concern. Shortly thereafter it joined with another association of support organizations, the International Meeting of Associations Serving Grantmakers (IMAG), to form Worldwide INitiatives for Grantmaker Support (WINGS). WINGS-Community Foundations (WINGS-CF), its first sub-group, focuses solely on organizations supporting community foundation development. One might call it a support organization for support organizations.

Under the able leadership of Community Foundations of Canada, which housed and developed the WINGS-CF Secretariat for its first three years,⁵ WINGS-CF has developed into a mature network, with a global committee structure and working groups to address issues common to all organizations that support the development of community foundations. One of the first projects WINGS-CF co-sponsored was to measure the size of the worldwide community foundation movement, which produced the first version of this report.

Trends in the Growth of Peer-to-Peer Networking and Learning Opportunities

The last three years have seen many new opportunities for community foundations to come together across national borders to discuss issues of common concern.

The Council on Foundations has always included international community foundations among its members and invites representatives of community foundations from other countries to attend its annual Fall Conference for Community Foundations. For a number of years, the Council has promoted international attendance through a scholarship program funded by the Charles Stewart Mott Foundation. Other national and regional meetings of community foundations also welcome participants from outside their areas to increase learning and gain perspective.

⁵ The WINGS-CF Secretariat rotated, along with WINGS, to the European Foundation Centre as of January 1, 2003 for its second three-year term.

Another new direction has been the creation of programs that work across borders to bring together community foundation staff members.

The Transatlantic Community Foundation Fellowship (TCFF) program was initiated in 1999; its first class of fellows was selected in 2000. Each year five U.S. and five European senior staff members of community foundations are selected to participate in this peer exchange program for community foundation professionals. Fellows spend three carefully structured weeks at a host community foundation on the other side of the Atlantic to learn about the social, cultural, and economic circumstances affecting the development of community foundations in a country other than their own. The program is jointly sponsored by the King Baudouin Foundation of Belgium and the United States (KBF) and the German Marshall Fund of the United States (GMFUS), with additional support from the Mott Foundation.

In 1999 the Bertelsmann Foundation and the Charles Stewart Mott Foundation came together to establish the Transatlantic Community Foundation Network (TCFN). The network provides a platform for the exchange of experience and expertise among community foundations on both sides of the Atlantic. It seeks to identify good practices and share them with emerging and existing community foundations. In addition, its goal is to foster this form of philanthropy in countries where the concept is still new. Membership is limited; currently there are 46 members of TCFN, drawn from community foundations in Canada, the U.S., Mexico, and from across Europe. TCFN carries out its activities through working groups on topics of interest to all community foundations and publishes its reports on the TCFN website: www.tcfn.etc.be. The first stage (1999-2002) was successfully completed. The Bertelsmann and Mott foundations have agreed to support TCFN for another three-year period (2002-2005).

A new initiative, the U.S.-Mexico Border Philanthropy Partnership, funded by Mexican and U.S. foundations and managed by The Synergos Institute, was begun in 2002. While not an exchange program in the strictest sense, its purpose is to bring together community foundations on both sides of the U.S.-Mexico border to "improve the quality of life along the border region." It will do this by: increasing community philanthropic activity; improving the organization capacity and programs of border community foundations; promoting collaboration among border community foundations and their funding partners; and engaging local philanthropic leaders.

These programs, which bring together community foundation staff members across national borders, have proved highly successful. Thus far they only have benefited a limited number of community foundations in the North. It will be interesting to see, in the next several years, if these types of fellowship and information exchanges can be replicated around the world.

Another sign of the maturation of the worldwide community foundation field is that, as the number of community foundations has grown, community foundations themselves are now forming national and regional affinity groups, creating their own opportunities to learn from one another. Affinity groups are not as formally structured as membership organizations, yet they may evolve into membership organizations over time.

National affinity groups are now meeting in Germany, Russia, Bulgaria, Poland, among other countries, and at least one regional affinity group, the Visegrad Network of Community Funds and Foundations, brings together community foundations and community philanthropy organizations from Hungary, Poland, the Czech Republic and Slovakia.

Support organizations are also seeing the benefit of international exchanges. WINGS-CF has developed its own Peer Match program to share information and learning, and to help WINGS-CF organizations link with their colleague organizations in the network. The Peer

Match program pairs two support organizations. Two representatives from each organization visits the other's offices for a week to 10 days. At the beginning of 2002 Community Foundations of Canada and the Institute for the Development of Social Investment (Brazil) piloted the new program. Later in 2002, matches took place between Philanthropy Australia and Community Foundation Network (U.K.), and between Charities Aid Foundation-Russia and the Centro Mexicano para la Filantropia (CEMEFI).

Planning is currently underway for another major new development for the international field. For the first time representatives of community foundations from around the world will meet at a global forum to be held in 2004. The forum will bring together community foundation practitioners from all over the world to examine the community foundation movement from a global perspective.

Trends in the Role of Funders

National and international funders are a powerful force in spreading the community foundation concept. Without their support, it is certain that the community foundation movement would not have traveled as far and as fast as it has in the last several decades.

Community foundation funders cover a broad spectrum. Private foundations have played the largest role, especially the large international foundations. The Charles Stewart Mott Foundation and The Ford Foundation have been consistent in their support for community foundations over the long term and have been leading the way. Many national and regional foundations have also been active in their areas. Others funders include national governments, government-funded entities devoted to international development, and local authorities. Corporate foundations and corporations with social responsibility programs have also played a key role in some areas. This is especially true in countries that are rich in natural resources, where companies that extract natural resources realize they have a responsibility to improve the quality of life for their workers.

Funders responded to the fall of communism in Central and Eastern Europe with grant programs that attacked the problem of integrating the newly forming democracies into western political and economic structures. A major part of these efforts were programs that sought to build and reinforce civil society structures. The Open Society Clubs initiated by George Soros are a good example of these direct efforts.

Sustainability of the nonprofit sector has been a key consideration for the funders of community foundations in all parts of the world. As the regimes in Central and Eastern Europe have progressed, funders are looking to find ways to consolidate the gains by providing for the long-term support of the nonprofit sector. Instead of continuing to fund a multiplicity of local organizations directly, funders, including foundations, bilateral and multilateral agencies, are turning to new strategies, which involve encouraging resource development at the local level.

As countries "graduated" from being a focus area for post-communist development efforts, funders like the United States Agency for International Development and some foundations, began to take a less hands-on approach. As part of their exit strategies, these funders first supported the development of community foundations as a way to provide sustainable support for the local nonprofit sector.

The next step has been to set up independent foundations, often with a number of other funders, which are designed to close down after a limited number of years. One example is the Baltic-American Partnership Fund established in 1998 by the USAID and the Open Society Institute (the Soros Foundation), as a public-private partnership. Another is the Trust for Civil

Society in Central and Eastern Europe established in 2000 by a consortium of large international funders. The Trust's stated purpose is to: "support the development and long-term stabilization of civil society in Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia." Both of these entities were created to have a ten-year life span.

These new endowed foundations provide several benefits for funders:

- By combining resources to create these organizations, funders can have a greater impact in the region.
- These new organizations are efficient for funders because they are relieved of having to respond to a large number of small requests.
- A separate organization, with offices in the region, can obtain more in-depth knowledge and expertise about the local issues and do a better job of selecting grantees and programs.
- The new endowed organizations receive the money upfront and free funders to move on to other areas. By creating a nonpermanent endowment with the funds, these organizations should have more money over the long-term to fund projects and programs.
- Due to their limited time duration and upfront funding, these organizations can have a larger impact in the beginning of their term through larger grants for projects, and at the same time they can require their grantees to develop long-range plans for sustaining their own futures when the grants cease.

The success of the community foundation strategy in Central and Eastern Europe, in Mexico, in Africa and in other parts of the world, has led funders to use this same approach as they move their focus to countries in other parts to the world that are poorer and less well developed.

Another proof of the success of the community foundation development strategy has been the recent entry of the World Bank into the field. The World Bank is now in the process of establishing a new initiative to support community foundations in developing areas.⁶

Summary

Community foundations are no longer being formed in relative isolation. Organizations that support the development of community foundations are multiplying and providing services that increase the rate of community foundation formation and strengthen existing community foundations. International networking is increasing, so that lessons learned are being shared rapidly across national boundaries. Funders are no longer working alone in disparate areas. Funders are coming together to pool their resources and have greater impact. Funders are taking the lessons learned in Central and Eastern Europe, in Mexico and in Africa and spreading the concept to new areas.

The community foundation concept has found nearly universal acceptance due to its ability to: adapt to local conditions, create long-term assets for the community, serve a multiplicity of donors, and support civil society. The numbers of community foundations will continue to grow because of all the ways they help to build communities.

⁶ A catalyst for this effort was the research report written by Joyce Malombe, "Community Development Foundations: Emerging Partnerships," when she was a staff member of their Civil Society unit. Joyce Malombe was one of the founders of the Kenya Community Development Foundation. Community development foundations are structured like community foundations. They seek long-term funding and build endowments, but initially they may focus more narrowly on community development issues, especially issues related to poverty. The report is available on the World Bank website at: <http://www.worldbank.org/participation/civickeyread.htm>.

Review of Community Foundation Developments Around the World

Fuller descriptions of community foundation developments are contained in the country reports, which are available online at http://www.wings-cf.org/global_report/index_e.cfm.

The Americas

North America

Canada

Community foundations, currently numbering more than 125, continue to grow rapidly in Canada at a pace of about five new community foundations per year. A strong national membership organization, Community Foundations of Canada (CFC), devoted solely to community foundation issues, has been promoting the concept and providing professional development and networking opportunities. CFC now has a number of regional staff.

Mexico

Mexico has about 20 community foundations. There has been a lot of interest surrounding community foundation development in Mexico, both nationally and internationally. The Centro Mexicano para la Filantropia (CEMEFI) has sponsored workshops to promote the concept and bring the Mexican community foundations together. Individuals, as well as local and international funders, are supporting the creation of community foundations. The new U.S.-Mexico Border Philanthropy Partnership brings together community foundations on both sides of the Mexican border with the U.S. to build and strengthen these organizations and encourage cross-border collaboration.

United States

The community foundation field in the United States, with its more than 725 community foundations, continues to expand, although the recent downturn in the economy has slowed growth in the last couple of years. Competition for assets from commercial gift funds have helped the community foundation field come together to focus on issues that will help it continue to grow. Community foundations, as a group, are looking to present

The Caribbean

Anguilla, BWI

The Anguilla Community Foundation continues to grow. It has been working to adapt the community foundation model to local traditions of philanthropy. Its executive director, the former CEO of The Philadelphia Foundation in the U.S., has been active in promoting community foundations in the region.

Puerto Rico

The Puerto Rico Community Foundation (PRCF) is the oldest community foundation in the region, having been formed in 1985. PRCF was created with significant funding from five large international foundations, and donations from corporations operating on the island. More recently its fundraising strategy has been focusing on individual and family donors. The

foundation has attracted attention throughout the world, not just in the Caribbean and Latin America, and is now a point of reference for how to harness resources for the benefit of local communities.

US Virgin Islands

The three community foundations located in the U.S. Virgin Islands have different outlooks and focus their grantmaking in different ways. The Community Foundation of the Virgin Islands is based on the island of St. Thomas and funds projects throughout the three islands. The St. Croix Community Development Foundation, as its name suggests, focuses primarily on programs that will help improve the local economy. The St. John Community Foundation, a somewhat smaller foundation, focuses its grantmaking on local projects on the island.

South America

Brazil

Due to the difficulty of raising endowed funds in the local area, the Institute for the Development of Social Responsibility has chosen to take an intermediate path to developing community foundations in Brazil. They are involved in establishing local community philanthropy organizations (CPOs) in eight cities. These CPOs have many of the aspects of a community foundation, but because they are not fundraising organizations, at this stage they are not doing any grantmaking. As the concept of community philanthropy organizations becomes more familiar, the expectation is that these CPOs will evolve into community foundations.

Ecuador

Currently, there are no traditional community foundations in Ecuador. The Ecuadorian Consortium for Social Responsibility (CERES), established in March 2002, is Ecuador's first association of local grantmaking organizations. Its vision is to become the country's leading voice on social responsibility. One of CERES's objectives is to support the already existing foundations, some of which have community foundation-like characteristics, and emerging ones, including community foundations.

Europe and the Middle East

Western Europe

Belgium

The King Baudouin Foundation (KBF) is an independent foundation established in 1976 that funds projects in Belgium and internationally. Donors can set up funds in the foundation to carry out their charitable purposes. KBF is actively involved in promoting the community foundation concept internationally and in Belgium. It has established one regional fund, the Community Foundation for Central and South-West Flanders, and is open to establishing more regional affiliate funds in other parts of Belgium.

France

The national Fondation de France (FDF) was established in 1969, based on The Cleveland Foundation model in the United States. Although it has many unique features, FDF acts in many ways like a national community foundation for France. Donors can set up funds through the foundation to benefit local communities, and its own grantmaking is carried out through regional panels of local citizens.

Germany

In the last three years the community foundation movement has really taken off in Germany. The first community foundation was established in 1996 in Gütersloh, the home of the Bertelsmann Foundation. The Bertelsmann Foundation has taken the lead in promoting community foundations in Germany, along with a number of other national foundations, and member-based associations of grantmakers. At the beginning of 2003 there were 50 established community foundations in Germany, with another 80 in formation.

Ireland

The Community Foundation for Ireland (CFI) was established in 2000 as a joint initiative of the Irish government and the business community. Funding for many social and development programs in the past had come from sources outside of Ireland – from the European Union and the Irish diaspora. The recent boom in the Irish economy has meant that prospects for fundraising locally are good, and CFI is focusing on raising endowment funds from individuals, as well as businesses and other sources.

Italy

Italy is another country in western Europe where community foundations are being successfully developed, due to the Cariplo Foundation's efforts in Lombardy and another savings bank foundation's efforts around Venice. There are currently 16 established community foundations, all in the north of Italy. It is likely that community foundations will spread to other parts of the country. Other savings bank foundations are interested in the concept; cooperative banks may also move in this direction. Interest in creating community foundations is also increasing in the southern part of the country.

Portugal

One community foundation has been formed in Portugal. CEBI-Foundation for the Community Development of Alverca was transformed from a social welfare organization in 1995. It developed on its own and only in 2001 connected with other community foundations in Europe. Activities are underway in Portugal to identify other community foundation-like organizations and promote the development of community foundations.

United Kingdom

The first community foundations in the U.K. were established in the late 1970s. The movement started to build in the 1980s when the Charities Aid Foundation and the Mott Foundation joined efforts to create a competitive challenge grant program that did much to raise the profile of community foundations in the U.K. The community foundation movement hit its stride with the formation in 1991 of its national membership association, now called Community Foundation Network. About 85 per cent of the U.K. now has access to a community foundation in their area.

Central and Eastern Europe

Bulgaria

Community foundations in Bulgaria are being formed out of some of the 13 Open Society Clubs begun with the assistance of the Open Society Fund-Sofia, one of the Soros foundations network. Five of the clubs have received direct assistance from the Mott Foundation to assist them in their transformation. An informal network of the Open Society Clubs exists to promote information exchange and networking.

Carpathia Euroregion

The Carpathian Euroregion includes parts of Hungary, Slovakia, Poland, Romania and Ukraine. The Carpathian Foundation was formed in 1999 to address the issues facing this mountainous region of Eastern Europe that is characterized by its isolation and high levels of poverty. The Carpathian Foundation was founded along the lines of a community foundation with support from major international foundations and governmental development agencies. It recently undertook a campaign to build an endowment. It is targeting individuals in the region, individuals from the region living abroad, local businesses and international funders.

Czech Republic

The first community foundation in the Czech Republic, the Community Foundation of Ústí nad Labem, was formed in 1998 from the transformation of a local nonprofit social service agency. The community foundation has maintained an international presence, participating in the Transatlantic Community Foundation Network.

Estonia

In Estonia, as in the other Baltic states, the Baltic-American Partnership Fund is actively promoting the community foundation concept. Two community foundations are being established in two pilot sites, Jarva and Viljandi county, by the Baltic American Partnership Program-Estonia.

Latvia

The Baltic American Partnership Program-Latvia has selected two cities – Talsi and Lielvarde – as pilot sites for establishing community foundations in Latvia.

Lithuania

The first community foundation was established at the initiative of American Lithuanians in 1998, in a small village called Papile (Naujoji Akmene Region in Western Lithuania). The Baltic American Partnership Program-Lithuania has recently helped established two more community foundations: Samogitia Community Foundation, covering four regions of Telsiai County, in March 2002; and the Utena Regional Community Foundation, covering five regions of Utena County, in September 2002.

Poland

Poland has a very active community foundation movement, with 12 established community foundations and more under development, and a strong national support organization. The first community foundation in Poland, the Snow Mountain Community Foundation, was established in 1998.

Russia

The development of community foundations in Russia is a remarkable story. It took the Charities Aid Foundation-Russia four years of sustained effort to get the first community foundation up and running in the city of Togliatti in 1998. There are 15 community foundations in Russia now with more on the way. Russian community foundations have received significant support from the newly emerging corporate sector.

Slovakia

The first community foundation in Central and Eastern Europe, the Healthy City Community Foundation of Banská Bystrica was formed in 1994. Slovakia has had a major program to promote the establishment of community foundations in the republic, overseen by the Open

Society Foundation-Slovakia. There are currently seven community foundations in Slovakia with at least five more in development.

Ukraine

The community foundation concept is being explored in Ukraine. An effort to establish community foundations in four Ukrainian cities was initiated in 2002, with the support of the Ukraine Citizen Action Network (UCAN), a project of the Institute for Sustainable Communities, funded by USAID. A community foundations feasibility study is being undertaken by the Center for Philanthropy in Ukraine in order to produce an action plan for community foundation development. Independently of this effort, a community philanthropy organization, the Dobrota (Kindness) – Donetsk City Charity Fund, with many community foundation characteristics, was organized in 1998. The fund was established by a team of doctors from Donetsk, who were concerned that the cuts in national funding for health care, education and social services were putting the most vulnerable members of their community at risk.

Middle East

Israel

The first community foundation in the Middle East, the Beit Shean Community Foundation, was established in 2000 in the Beit Shean Valley, a poor rural area near the border with Jordan. The community foundation was formed with the support of the Jewish Community Federation of Cleveland, Ohio, and a nonprofit Israeli organization devoted to social change.

Africa

Kenya

The Kenya Community Development Foundation (KCDF) was established in 1996 with major start-up funding and support from the Ford and Aga Khan foundations. Its mission is to build the capacity of citizen organizations to participate in community development activities and to introduce national philanthropy for development. KCDF is now focusing on building an endowment from local sources, including individuals and corporations.

Mozambique

The Foundation for Community Development was established in 1994 by the former first lady, Graça Michel, and a broad-based group of local citizens. It is the first grantmaking foundation in Mozambique, and is devoted to building resources to finance community development initiatives. The foundation has received support from international funders, multinational companies and local Mozambican businesses. It has developed a strategy to promote local philanthropy and increase funding from local sources, both individuals and corporations.

South Africa

A five-year pilot program to develop community foundations in South Africa has been led by the Southern African Grantmakers' Association. When the pilot program ends later this year, five or six community foundations will have been established in the 10 communities selected to participate in the program. The first community foundation in South Africa, the Uthungulu Community Foundation, was formed in 1999. Several other areas, not included in the original pilot program, are interested in forming community foundations.

West Africa

A community foundation hybrid, the West African Rural Foundation, was established in 1993. It is a regional foundation that serves five countries in West Africa: Senegal, Gambia, Mali, Republic of Guinea and Guinea Bissau. The complexities of its multinational structure have been a challenge for its evolution into an organization along community foundation lines. WARF is trying to diversify its funding so that it is not as heavily dependent on outside funders. It has put in place strategies to facilitate local fundraising.

Zimbabwe

The Community Foundation of the Western Region of Zimbabwe, also known as the Western Region Foundation (WRF), was established in 1998 after six years of planning by the Zimbabwean Organization of Rural Associations for Progress (ORAP). Drawing on a local community savings tradition called Qogelela, ORAP was able to pool contributions from more than 50,000 community members to endow the foundation. Even though the donations totaled only \$5,000 USD, their contributions gave community members a sense of ownership of the foundation.

Asia And The Pacific

Australia

There is a lot of activity around community foundation development in Australia. A national private foundation and the national government have been actively working, along with the national grantmakers organization, Philanthropy Australia, to create community foundations, especially in rural areas, in order to build permanent assets for their communities and find solutions to their problems at the local level.

Bangladesh

The Bangladesh Freedom Foundation was launched in 1999 along community foundation lines with the support of the Ford Foundation. Its mission is to promote three fundamental freedoms in Bangladesh: freedom from poverty, freedom from ignorance, and freedom from oppression. It works through partnerships with civil society groups or organizations, and by supporting programs that strengthen civic initiatives and citizens' participation.

India

India has two community foundations, one in Mumbai (Bombay) and the other in Ahmedabad. The Bombay Community Public Trust was established in 1991 by the directors of the Centre for the Advancement of Philanthropy. The second community foundation, the Ahmedabad Community Foundation, was formed with the support of The Ford Foundation in 2001. Sampradaan – Indian Centre for Philanthropy is actively researching and promoting the community foundation concept. Other efforts to develop new community foundations are underway, and more community foundations may result.

Japan

There are two community foundations in Japan. The first, the Osaka Community Foundation, was established in 1991 with the support of the local chamber of commerce. The second was formed by a group of volunteers in Kobe in the wake of the Great Hanshin/Awaji earthquake. The Citizens Fund Kobe is part of the growing nonprofit movement in Japan to increase local support for the emerging voluntary sector.

New Zealand

New Zealand has a totally unique environment for community philanthropy. There are 12 community trusts created when non-profit community-owned banks were converted to for profit entities, and several similar trusts created by the conversion of public utilities to for profit energy companies. These trusts are tied to defined regions of the country and operate similarly to community foundations, but do no fundraising. There are at least four community foundations formed along more traditional lines, and a number of the community trusts are looking at ways to become more like community foundations.

Philippines

At least one local foundation, Kabalaka (Concern) Development Foundation of Negros Occidental, has determined to transform itself into a community foundation. A research survey is being conducted to identify other foundations with community foundation-like characteristics, in preparation for a community foundation development program in the Philippines.